

AMENDED IN SENATE MAY 5, 2005
AMENDED IN SENATE APRIL 12, 2005

SENATE BILL

No. 1060

Introduced by ~~Senator Campbell~~ *Senators Campbell and Perata*

February 22, 2005

An act to add Section 99.51 to the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1060, as amended, Campbell. Local government finance: exchanging local sales and use tax allocations and ad valorem property tax allocations.

The California Constitution prohibits the Legislature from restricting the authority of a city, county, or city and county to impose a tax rate under, or change the method of distributing revenues derived under, the Bradley-Burns Uniform Local Sales and Use Tax Law, except in specified circumstances. One exception to this prohibition allows the Legislature to authorize 2 or more specifically identified local agencies within a county, with the approval of the governing body of each of those agencies, to enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law.

This bill would authorize local agencies, as defined, within a county to contract to exchange allocations of local sales and use tax revenues for allocations of ad valorem property tax revenues. This bill would also require that any such contract be approved by the governing body of each local agency that is a party to the contract, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) In 2004, California voters enacted Proposition 1A, an historic agreement to prevent the state Legislature from taking and using local government funds. The agreement keeps local tax dollars local and protects funding for vital local services like fire and paramedic response, law enforcement, health care, parks, libraries, and transportation.

(b) Proposition 1A also recognized the need to empower local governments with the ability to enter into contracts to exchange property tax revenues for sales tax revenues, which will allow them to achieve an optimal mix of revenues and better enabling them to provide services and make land-use decisions.

(c) Increasing the share of property tax revenues of local agencies will promote incentives for the long-term development of healthy communities by allowing them to make land-use decisions, such as residential and industrial development, based on what is needed for their communities.

SEC. 2. Section 99.51 is added to the Revenue and Taxation Code, to read:

99.51. (a) (1) Two or more local agencies within a county, including a county, may enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law, set forth in Part 1.5 (commencing with Section 7200) of Division 2.

(2) A contract described in ~~subparagraph (A)~~ paragraph (1) shall not become operative until it is approved by a majority vote of the entire membership of the governing body of each local agency that is a party to the contract.

(b) For purposes of this section, “local agency” has the same meaning as specified in subdivision (a) of Section 95.

SEC. 3. This act is enacted pursuant to the authority granted to the Legislature in subparagraph (C) of paragraph (2) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution.

O